Pa. State Library.

NEW METHOD

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OF

KEEPING ACCOUNTS.

New-York:

JOHN W. AMERMAN, PRINTER,

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1860.

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WILLIAM COTHEAL,
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TO THE

MEMBERS

OF THE

CHAMBER OF COMMERCE

AND

MERCANTILE LIBRARY ASSOCIATION,

THIS LITTLE WORK IS DEDICATED,

IN THE HOPE THAT

THE NEW METHOD OF KEEPING ACCOUNTS

MAY PROVE AS USEFUL TO THEM AS IT HAS BEEN TO

WILLIAM COTHEAL.

NEW METHOD OF KEEPING ACCOUNTS.

A SIMPLE method of keeping accounts, always ready to balance or average, is here presented for the consideration of the public. It is called new, to distinguish it from the old system of keeping accounts. The great advantage this new method has over the old system is, that accounts are always ready to balance or average, and, to accomplish this end, it is only necessary to have an extra column in the ledger for entering interest. Time column can be dispensed with.

The method, a modification of the French, has been used for many years, and found to be very expeditious and not liable to errors; and for banks, bankers, trust companies and merchants, who keep running accounts with their customers, it is invaluable, as interest on each item can be entered daily, and the balance, with interest, or the average due date of an account, stated at any moment of time.

The method is governed by simple rules, from which there can be no deviation, and is based on the principle of calculating interest from CONVENTIONAL OF FIXED DATES.

Time is always counted forward FROM *the conventional* TO *due date*, and it is therefore necessary to fix a date *anterior* to the earliest item in the account, and the 31*st December* and the 30*th June* are proposed to be used as such conventional or fixed dates, for in keeping accounts it has been found that counting time from the last day of any month insures greater certainty that it be correctly stated.

Interest can be entered simultaneously with principal in a separate column, at the time of posting, or at any other convenient moment, and is computed on each item of the account FROM *the conventional date* UP TO *the due date*, or, in other words, FROM *the due date*, when such item shall commence drawing interest, BACK TO *the conventional date.*

Interest in red.—There is no interest in RED in accounts made up or kept by this new method, which avoids a fruitful source of error.

Balancing or *averaging.*—The given date being known on which an account is to be closed, the balance or average due date can be stated on making one interest calculation.

Accounts at any rate per cent.—All accounts can be kept at one rate of interest, as it is not necessary to correct each separate item when the rate of interest requires alteration. The account is debited or credited (after balance interest has been ascertained,) with DIFFERENCE between RATE USED and RATE REQUIRED, and the balance of principal will be the same as if each separate item of the account had been made up at the required rate.

Examples.—All the example accounts are calculated with 365 days to the year, the only correct way, but the rules apply equally to accounts kept by months and days.

Calendar months and days.—The people of this country, use in a measure, 360 days to the year in accounts, as they find it convenient, and the general custom has been, in calculating time by months and days, to

call months from the date in one month to the same date in another twelfths of a year, and the remaining days to the end of the interval 365ths of a year. This mode is erroneous, the true way being, when the year is estimated to consist of 360 days, to consider all months (whether containing 28, 29, 30 or 31) as having *thirty days.*

Thus, the interval from *April* 21 *to August* 5, instead of being 3 months and 15 days, should, on the hypothesis of 360 days to the year, be but 3 *months and* 14 *days*—July, though having 31, being considered as having 30 days.

The interval from *October* 22 *to March* 2 should be 4 *months and* 10 *days*—February, though having only 28 or 29, is considered as having 30 days.

RULES FOR INTEREST ACCOUNTS.

First. Compute interest on each item of the account FROM *conventional date* UP TO *due date*, or, in other words, FROM *the due date*, when such item should commence drawing interest, BACK TO *the conventional date*, and enter thus in ledger:

1853.		1853.							
Jan. 13.	Draft to Perkins and Co.,	due March 18,	$ 8,000	00	77	$ 118	14
Feb. 7.	Cost shipment per "Mercury,"		10,056	00	38	73	28

Second. To close an account, add up the principal, and INVARIABLY on the side of the WEAKEST FOOTING OF PRINCIPAL, whether it be debit or credit, write

"Interest on $ balance principal,"

and the given date at which the account is to be closed. Then calculate interest on this balance of principal FROM *conventional* TO *given date*, and the entry will read thus:

1853.		1853.					
Dec. 31.	Interest on $261 75 balance principal,	Dec. 31	..	..	365	$ 18	32

Third. Add up the interest columns, and INVARIABLY on the side of the WEAKEST FOOTINGS OF INTEREST, whether it be debit or credit, write

"Balance interest to principal,"

and place the balance interest, in both interest and principal columns, directly alongside of each other, thus:

1853.						
Dec. 31.	Balance interest to principal,	$ 594	13	..	$ 594	13

Fourth. Balance the principal in the ordinary way, and the balance is due the given date.

Examples.—To enable comparison to be made between the new method and the old system, example accounts are given.

Example No. 1.—New method in dollars.

Example No. 2.—Old system in dollars.

Example No. 3.—Old system in pounds sterling.

Example No. 4.—New method in pounds sterling, showing how foreign interest accounts can be examined or made by means of decimals; also, how to alter the rate of interest without correcting each item.

EXAMPLE No. 1.—INTEREST ACCOUNT, NEW METHOD.

DR. JOHNSON & BROWN, *in Account Current and Interest Account at 7 per cent. with* SMITH & JONES, *from 31st December*, 1852. CR.

1853.		1853.				1853.		1852.				
Jan. 13,	Draft to Perkins & Co.,.....	M'ch 18,	$ 8,000 00	77	$ 118 14	Jan. 1,	Net proceeds invoice per "New-York,".	Dec 31,	$ 4,309 42	..	.. ..	
Feb. 7,	Cost shipment per "Mercury,"	Feb. 7,	10,056 00	38	73 28			1853.				
March 8.	Cost shipment per "Baltic,"...	March 8,	20,056 83	67	257 72	March 6,	Net proceeds invoice per "St. Nicholas,'	M'ch 6,	9,765 42	65	121 74	
April 17,	Cost shipment per "Africa,"...	April 17,	14.042 66	107	288 16	April 1,	Net proceeds invoice per "Constitution,"	April 1,	1,070 50	91	18 68	
April 27,	Cash remitted,.....	April 27,	30,026 75	117	673 75	May 27,	Net proceeds invoice per "Germania,".	April 8	32,039 42	98	602 16	
Aug. 8.	Draft to G. Blakely,.....	Oct. 10,	10,000 00	283	542 74	May 29,	Draft on Brown, Brothers & Co.,.....	Aug. 1,	2 000 00	213	81 70	
Sept. 18,	Draft to O. Otis & Co.,.....	Nov. 30,	5 200 00	334	333 08	May 29.	Draft on Rothschild & Co ,.....	May 29.	2,066 08	149	59 04	
Nov. 13,	Cash remitted,.....	Nov. 13.	6,000 00	317	364 77	July 16,	Draft on Baring, Bros. & Co.,.....	Aug. 3,	6,000 00	215	247 40	
		1854.										
Nov. 25,	Draft to P. Pope & Son,.....	Jan. 25,	10,000 00	392	751 78	Aug. 1.	Net proceeds inv'ce per "Independence,"	June 1,	24,402 96	152	711 36	
Dec. 15,	Draft to M. Bernard,.....	Feb. 16,	5,200 00	412	410 87	Sept. 18,	Draft on J. & J. Stuart & Co.,.....	Dec. 20,	400 00	354	27 16	
		1853.										
Dec. 31.	Commission on $13,168 33,.....	Dec. 31,	131 68	365	9 21	Sept. 20,	Net proceeds invoice per "Franklin,"..	Sept. 17,	2,362 58	260	117 81	
Dec. 31,	Postages,.....	Dec. 31,	28 00	365	1 96	Oct. 16,	Net proceeds invoice per "Wm. Tell,"..	Oct. 16,	4,199 58	289	232 76	
Dec. 31,	Balance interest to principal,...	Dec. 31,	594 13	..	594 13	Dec. 4,	Draft on Duncan, Sherman & Co.,.....	Dec. 4,	2,066 08	338	133 93	
						Dec. 13,	Draft on James G. King's Sons,.....	Dec. 13,	636 17	347	42 34	
						Dec. 15,	Net proceeds invoice per "Victoria,"...	Dec. 15,	2,759 00	349	184 66	
								1854.				
						Dec. 25,	Net proceeds invoice per "Washington,"	Jan. 24	24,402 96	389	1,820 53	
								1853.				
						Dec. 31,	Interest on $261 75, balance principal,.	Dec. 31,	.. ..	365	18 32	
						Dec. 31,	Balance to new account,.....	Dec. 31,	855 88		.. ..	
			$ 119,336 05		$ 4,419 59				$119,336 05		$4,419 59	
1853.		1853.										
Dec. 31,	Balance from old account,.....	Dec. 31,	$ 855 88									

E. & O. E.

New-York, December 31, 1853.

SMITH & JONES.

EXAMPLE No. 2.—INTEREST ACCOUNT, OLD SYSTEM.

DR. Messrs. JOHNSON & BROWN, *in Account Current and Interest Account at 7 per cent. with* SMITH & JONES, *to December* 31, 1853. CR.

1853.		1853.				1853.		1852.			
Jan. 13,	Draft to Perkins & Co., ...	M'ch 18,	$ 8,000 ..	288	$ 441 86	Jan. 1,	Net proceeds invoice per "New-York,"	Dec. 31,	$ 4,309 42	365	$ 301 66
Feb. 7,	Cost shipment per "Mercury,"	Feb. 7,	10,056 ..	327	630 64			1853.			
M'ch 8,	Cost shipment per "Baltic,"	M'ch 8,	20,056 88	298	1,146 26	M'ch 6,	Net proceeds invoice per "St. Nicholas,"	M'ch 6,	9,765 42	300	561 85
Ap'l 17,	Cost shipment per "Africa,"	Ap'l 17,	14,042 66	258	694 82	Ap'l 1,	Net proceeds invoice per "Constitution,"	Ap'l 1,	1,070 50	274	56 24
Ap'l 27,	Cash remitted, ...	Ap'l 27,	30,026 75	248	1,428 11	May 27,	Net proceeds invoice per "Germania,"	Ap'l 8,	32,039 42	267	1,640 59
Aug. 8,	Draft to G. Blakeley, ...	Oct. 10	10,000 ..	82	157 26	May 29,	Draft on Brown, Bros. & Co., ...	Aug. 1,	2,000 ..	152	58 29
Sept. 18,	Draft to O. Otis & Co., ...	Nov. 30,	5,200 ..	31	30 91	May 29,	Draft on Rothschild & Co., ...	May 29,	2,066 68	216	85 58
Nov. 13,	Cash remitted, ...	Nov. 13.	6,000 ..	48	55 23	July 16,	Draft on Baring, Bros. & Co., ...	Aug. 3,	6,000 ..	150	172 61
		1854.				Aug. 1,	Net proceeds inv. per "Independence,"	June 1,	24,402 96	213	996 85
Nov. 25,	Draft to P. Pope & Son, ...	Jan. 27	10,000 ..	**27**	***51 78**	Sept. 18.	Draft on J. & J. Stuart & Co., ...	Dec. 20,	400 ..	11	.. 84
Dec. 15,	Draft to M. Bernard, ...	Feb. 16,	5,200 ..	**47**	**46 87**	Sept. 20,	Net proceeds invoice per "Franklin," ..	Sept. 17,	2,362 58	105	47 57
		1853.				Oct. 16,	Net proceeds invoice per "Wm. Tell," .	Oct. 16.	4,199 58	76	61 21
Dec. 31,	Commission on $13,168 33 at 1 per cent.,	Dec. 31,	131 68	..	.. ..	Dec. 4.	Draft on Duncan, Sherman & Co., ...	Dec. 4,	2,066 08	27	10 69
Dec. 31,	Postages, ...	Dec. 31	28 ..	..	.. ..	Dec. 13,	Draft on James G. King's Sons, ...	Dec. 13.	636 17	18	2 19
Dec. 31,	Interest in red, ...	Dec. 31,	.. ..	..	112 33	Dec. 15,	Net proceeds invoice per "Victoria," ...	Dec. 15,	2,759 ..	16	8 47
Dec. 31,	Balance interest to principal, ...	Dec. 31,	594 13	..	.. ..			1854.			
						Dec. 25.	Net proceeds invoice per "Washington,"	Jan. 24,	24,402 96	**24**	**112 33**
								1853.			
						Dec. 31,	Interest in red, ...	Dec. 31,	.... ..	..	98 65
						Dec. 31,	Balance interest, ...	Dec. 31,	.... ..	..	594 13
						Dec. 31,	Balance to new account, ...	Dec. 31,	855 88	..	.. ..
			$119,336 05		$4,697 42				$119,336 05		$4,697 42
53.		1853.									
Dec. 31,	Balance from old account, ...	Dec. 31,	$ 855 88								

E. & O. E.

New-York, December 31, 1853.

SMITH & JONES.

* Interest in *red*, in full faced type.

EXAMPLE No. 8.—INTEREST ACCOUNT, OLD SYSTEM.—INTEREST IN POUNDS, SHILLINGS AND PENCE.

Dr. Messrs. Johnson & Brown, *in Account Current and Interest Account at 5 per cent. with* Smith & Jones, *to December* 31, 1853. Cr.

1853.		1853.				1853.		1852.			
Jan. 13.	Draft to Perkins & Co.,.....	M'ch 18,	£800 .. .	288	£31 11 3	Jan. 1,	Net proceeds invoice per "New-York,"	Dec. 31,	£430 18 10	365	£21 10 11
Feb. 7,	Cost shipment per "Mercury,"..	Feb. 7,	1,005 12 .	327	45 .. 11			1853.			
M'ch 8,	Cost shipment per "Baltie,"....	M'ch 8,	2,005 13 8	298	81 17 6	M'ch 6,	Net proceeds invoice per "St. Nicholas,"	M'ch 6,	976 10 10	300	40 2 8
April 17,	Cost shipment per "Africa,"....	April 17,	1,404 5 4	258	49 12 7	April 1,	Net proceeds invoice per "Constitution,"	April 1,	107 1 ..	274	4 .. 4
April 27,	Cash remitted,.....	April 27,	3,002 13 6	248	102 .. 2	May 27,	Net proceeds invoice per "Germania,"	April 8,	3,203 18 10	267	117 8 9
Aug. 8	Draft to G. Blakely,.....	Oct. 10	1,000 .. .	82	11 4 8	May 29,	Remise on Brown, Bros. & Co.,.....	Aug. 1,	200	152	4 3 3
Sept. 18,	Draft to O. Otis & Co.,.....	Nov. 30.	520 .. .	31	2 4 2	May 29,	Remise on Rothschild & Co.,.....	May 29,	206 12 2	216	6 2 8
Nov. 13,	Cash remitted,.....	Nov. 13,	600 .. .	48	3 18 11	July 16,	Remise on Baring, Bros. & Co.,.....	Aug. 3,	600	150	12 6 7
		1854.				Aug. 1,	Net proceeds invoice pr. "Indep'dence,"	June 1,	2,440 5 11	213	71 4 1
Nov. 25.	Draft to P. Pope & Son,.....	Jan. 27,	1,000 .. .	**27**	***3 14** ..	Sept. 18,	Remise on J. & J. Stuart & Co.,.....	Dec. 20,	40	11	1 3
Dec. 15.	Draft to M. Bernard,.....	Feb. 16,	520 .. .	**47**	**3 6 11**	Sept. 20,	Net proceeds invoice per "Franklin,"..	Sept. 17,	236 5 2	105	3 7 11
		1853.				Oct. 16,	Net proceeds invoice per "Wm. Tell,"	Oct. 16,	419 19 2	76	4 7 5
Dec. 31.	Comm. on £1,316.16 8 @ 1 per ct.	Dec. 31,	13 3 4	..	....	Dec. 4,	Remise on Duncan, Sherman & Co.,....	Dec. 4,	206 12 2	27	15 3
Dec. 31.	Postages,.....	Dec. 31,	2 16 .	..	....	Dec. 13,	Remise on James G. King's Sons,.....	Dec. 13,	63 12 4	18	3 2
Dec. 31,	Discount per contra,.....	Dec. 31,	....	..	8 .. 5	Dec. 15,	Net proceeds invoice per "Victoria,"..	Dec. 15,	275 18 ..	16	12 1
Dec. 31.	Balance interest to principal,...	Dec. 31,	42 8 9	..	....			1854.			
						Dec. 25,	Net proceeds invoice per "Washington,"	Jan 24,	2,440 5 11	**24**	**8 .. 5**
								1853.			
						Dec. 31,	Discount per contra,.....	Dec. 31,	....	..	7 .. 11
						Dec. 31,	Balance interest,.....	Dec. 31,	....	..	42 8 9
						Dec. 31,	Balance to new account,.....	Dec. 31,	68 12 3	..	....
			£11,916 12 7		335 10 7				11,916 12 7		£335 10 7
1853.		1853.									
Dec. 31,	Balance from old account,.....	Dec. 31,	£68 12 3								

E. & O. E.

London, December 31, 1853.

SMITH & JONES.

* Interest in *red*, in full faced type.

EXAMPLE No. 4.—INTEREST ACCOUNT, NEW METHOD.—INTEREST IN POUNDS STERLING AND DECIMALS, AT SEVEN PER CENT.

DR. MESSRS. JOHNSON & BROWN, *in Account Current and Interest Account at 5 per cent. with* SMITH & JONES, *from 31st December*, 1852. CR.

1853.		1853.				1853.		1852.			
Jan. 13,	Draft to Perkins & Co.,	M'ch 18.	£ 800 .. .	77	£ 11.81	Jan. 1,	Net proceeds invoice per "New-York,"	Dec. 31,	£ 430 18 10	..	....
Feb. 7,	Cost shipment per "Mercury,"	Feb. 7,	1,005 12 .	38	7.33			1853.			
M'ch 8,	Cost shipment per "Baltic,"	M'ch 8	2 005 13 8	67	25.77	M'ch 6,	Net proceeds invoice per "St. Nicholas,"	M'ch 6,	976 10 10	65	£ 12.17
April 17,	Cost shipment per "Africa,"	April 17,	1,404 5 4	107	28.82	April 1,	Net proceeds invoice per "Constitution,"	April 1,	107 1 ..	91	1.87
April 27,	Cash remitted,	April 27.	3,002 13 6	117	67.37	May 2,	Net proceeds invoice per Germania," ..	April 8,	3,203 18 10	98	60.22
Aug. 8,	Draft to G. Blakeley,	Oct. 10,	1,000 .. .	283	54.27	May 29,	Remise on Brown, Bros. & Co., ...	Aug. 1.	200	213	8.17
Sept. 18,	Draft to O. Otis & Co.,	Nov. 30	520 .. .	334	33.31	" 29,	Remise on Rothschild & Co.,	May 29,	206 12 2	149	5.90
Nov. 13,	Cash remitted,	Nov. 13,	600 .. .	317	36.48	July 16,	Remise on Baring, Bros. & Co.,	Aug. 3,	600	215	24.74
		1854.				Aug. 1,	Net proceeds inv. per "Independence,"	June 1,	2,440 5 11	152	71.14
Nov. 25,	Draft to P. Pope & Son,	Jan. 27,	1,000 .. .	392	75.18	Sept. 18,	Remise on J. & J. Stuart & Co	Dec. 20,	40	354	2.72
Dec. 15,	Draft to M. Bernard,	Feb. 16,	520 .. .	412	41.09	Sept. 20,	Net proceeds invoice per "Franklin,"..	Sept. 17,	236 5 2	260	11.78
		1853.				Oct. 16,	Net proceeds invoice per "Wm. Tell,".	Oct. 16,	419 19 2	289	23 28
Dec. 31,	Commission on £1,316.16.8,	Dec. 31,	13 3 4	365	.92	Dec. 4,	Remise on Duncan, Sherman & Co.,	Dec. 4,	206 12 2	338	13.39
Dec. 31,	Postages,	Dec. 31,	2 16 .	365	.20	Dec. 13,	Remise on James G. King's Sons,	Dec. 13,	63 12 4	347	4.23
Dec. 31,	Balance interest to principal,	Dec. 31,	59 8 3	..	59.41	Dec. 15,	Net proceeds invoice per "Victoria," ..	Dec. 15,	275 18 ..	349	18 47
								1854.			
						Dec. 25,	Net proceeds invoice per "Washington,"	Jan. 24,	2,440 5 11	389	182.05
								1853.			
						Dec. 31,	Interest on £23 3 6 balance principal, ..	Dec. 31,	.. .. ..	365	1.83
						Dec. 31,	Difference bet. 5 and 7 pr. ct. on bal. int.,	Dec. 31,	16 19 6	..	..
						Dec. 31,	Balance to new account,	Dec. 31,	68 12 3	..	..
			£11,933 12 1		£ 441.96				£11,933 12 1		£ 441.96
1853.		1853.									
Dec. 31,	Balance from old account,	Dec. 31,	£ 68 12 3								

E. & O. E.

New-York, December 31, 1853.

SMITH & JONES.

RULES FOR AVERAGING ACCOUNTS.

First. Compute interest on each item of the account FROM *conventional date* UP TO *the due date*, or, in other words, FROM *the due date*, when such item should commence drawing interest, BACK TO *the conventional date.*

Second. Add the items of principal and interest, and then find how many *days* it will take the amount of principal *to earn* the amount of interest, and the average due date is that number of *days* from the *conventional or fixed date*, from which the account is calculated.

EXAMPLE No. 5.

1853.		1853.					
Jan. 3,	Merchandise, ...30 days,....	Feb. 2,	$ 293	47	33	$ 1	86
" 15,	do. ..... 6 mos.,....	July 15,	1,123	15	196	42	21
Feb. 15,	Cash, ...	Feb. 15,	150	..	46	1	32
Mch. 10,	Merchandise, ... 4 mos.,....	July 10,	542	99	191	19	89
April 1,	do. .....90 days,....	June 30,	304	34	181	10	55
May 12,	Cash, ...	May 12,	50	..	132	1	27
June 7,	Merchandise, ...30 days,....	July 7,	126	27	188	4	54
" 30,	do. .....90 days,....	Sept. 28,	569	37	271	29	57
Aug. 15,	Cash, ...	Aug. 15,	200	..	227	8	71
		1854.					
Nov. 14,	Merchandise, ...60 days,....	Jan. 3,	268	45	368	18	92
		1853.					
" 26,	do. .....30 days,....	Dec. 26,	107	84	360	7	45
Dec. 20,	Cash, ...	Dec. 20,	100	..	354	6	79
	Average due date, ...	July 27,	$ 3,835	88		$ 153	08

On referring to the interest tables it will be found that it takes $3,835 88 principal 208 days to earn $153 08 interest, therefore the account is due 208 DAYS FROM *the conventional date* 31st of DECEMBER, which is JULY 27th.

RULES TO FIND BALANCE DUE, WITH INTEREST, ON GIVEN DATE.

First. Compute interest on each item of the account FROM *conventional date* UP TO *the due date*, or, in other words, FROM *the due date*, when such item should commence drawing interest, BACK TO *the conventional date.*

Second. Add the items of principal and interest.

Third. Compute interest on amount principal FROM *conventional* TO *given date.*

Fourth. If interest on amount principal *exceeds* the amount interest on items of principal, the difference must be ADDED to the account, as follows:

EXAMPLE NO. 6.—GIVEN DATE DEC. 20.

1853.		1853.					
Jan. 3,	Merchandise,....30 days,.due	Feb. 2,	$ 293	47	33	$ 1	86
" 15,	do. .... 6 mos., . "	July 15,	1,123	15	196	42	21
Feb. 15,	Cash, ...	Feb. 15,	150	..	46	1	32
Mch. 10,	Merchandise,.... 4 mos., .due	July 10,	542	99	191	19	89
April 1,	do. ....90 days,. "	June 30,	304	34	181	10	55
May 12,	Cash, ...	May 12,	50	..	132	1	27
June 7,	Merchandise,....30 days,.due	July 7,	126	27	188	4	54
" 30,	do. ....90 days,. "	Sept. 28,	569	37	271	29	57
Aug. 15,	Cash, ...	Aug. 15,	200	..	227	8	71
		1854.					
Nov. 4,	Merchandise,....60 days,.due	Jan. 3,	268	45	368	18	92
		1853.					
" 26,	do. ....30 days,. "	Dec. 26,	107	84	360	7	45
Dec. 20,	Cash, ...	Dec. 20,	100	..	354	6	79
			$ 3,835	88		$ 153	08
Dec. 20,	Interest on $3,835 88 principal, .$260 43						
	Less interest on items, ... 153 08		107	35			
	Balance due Dec. 20, 1853,.....		$ 3,943	23			

$260 43 is interest on principal from conventional date, 31st December, to given date, Dec. 20.

153 08 is interest on separate items of principal from 31st December to their due dates.

$107 35 is interest on principal, *from average* due date *to given* date, and is therefore ADDED to principal.

Fifth. If interest on amount principal *is less* than amount interest on items of principal, the difference must be DEDUCTED from the account, as follows:

EXAMPLE NO. 7.—GIVEN DATE JUNE 1.

1853.		1853.					
Jan. 3,	Merchandise,....30 days,..due	Feb. 2,	$ 293	47	33	$ 1	86
" 15,	do. .... 6 mos.,.. "	July 15,	1,123	15	196	42	21
Feb. 15,	Cash, ...	Feb. 15,	150	..	46	1	32
Mch. 10,	Merchandise,.... 4 mos.,..due	July 10,	542	99	191	19	89
April 1,	do. ....90 days,.. "	June 30,	304	34	181	10	55
May 12,	Cash, ...	May 12,	50	..	132	1	27
June 7,	Merchandise,....30 days,..due	July 7,	126	27	188	4	54
" 30,	do. ....90 days,.. "	Sept. 28,	569	37	271	29	57
Aug. 15,	Cash, ...	Aug. 15,	200	..	227	8	71
		1854.					
Nov. 4,	Merchandise,....60 days,..due	Jan. 3,	268	45	368	18	92
		1853.					
" 26,	do. ....30 days,.. "	Dec. 26,	107	84	360	7	45
Dec. 20,	Cash, ...	Dec. 20,	100	..	354	6	79
			$ 3,835	88		$ 153	08
June 1,	Interest on items,..... $153 08						
	Less int. on $3,835 88 principal, 111 82		41	26			
	Balance due June 1, 1853, ...		$ 3,794	62			

$153 08 is interest on separate items of principal from 31st December to their due dates.
111 82 is interest on principal from conventional date, 31st December, to given date, June 1.

$41 26 is interest on principal *from given* date *to average* due date, and is therefore DEDUCTED from principal.

RULES FOR COMPOUND AVERAGING.

First. Compute interest on each item of the account FROM *conventional date* UP TO *the due date*, or, in other words, FROM *the due date*, when such item should commence drawing interest, BACK TO *the conventional date.*

Second. Ascertain the balance of principal and interest, and find how long TIME it will take balance principal TO EARN balance interest.

Third. TIME is ALWAYS counted FORWARD from the conventional date when BALANCES of principal and interest are on the SAME SIDE of the account.

EXAMPLE No. 8.

The balance of the account is $1,438, and the balance interest is $172 74. On reference to interest table, it will be found that it takes $1,438 principal 626 days to earn $172 74 interest, therefore the average date of the account is due 626 days SUBSEQUENT to the conventional date, (31st December,) that is, September 18, 1854, as the BALANCE principal and interest are on the SAME SIDE.

Fourth. TIME is ALWAYS counted BACKWARDS from the conventional date when the BALANCES of principal and interest are on DIFFERENT SIDES of the account.

EXAMPLE No. 9.

The balance of the account is $857 34, and the balance interest is $60. On reference to interest table, it will be found that it takes $857 34 principal 365 days to earn $60 interest, therefore the average date of the account is due 365 days ANTERIOR to the conventional date, (31st December,) that is, December 31, 1851, as the BALANCE principal and interest are on DIFFERENT SIDES.

EXAMPLE No. 8.—COMPOUND AVERAGING.—BALANCE PRINCIPAL AND INTEREST ON SAME SIDE.

Dr. Messrs. JOHNSON & BROWN, *in account with* SMITH & JONES, *from December* 31, 1852. Cr.

1853.		1853.				1853.		1853.			
Jan. 5,	Merchandise,	Feb. 4,	$ 613 00	35	$ 4 11	Jan. 30,	Cash,	Jan. 30,	$ 726 00	30	$ 4 18
Jan. 10,	do.	July 10,	225 00	191	8 25	Feb. 3,	do.	Feb. 3,	216 00	34	1 40
Feb. 3,	Cash,	Feb. 3,	110 00	34	72	Feb. 23,	do.	Feb. 23,	544 00	54	5 64
March 22,	Merchandise,	July 22,	1,756 00	203	68 36	March 1.	do.	March 1,	898 00	60	10 34
April 16,	do.	July 15,	1,560 00	196	58 61	M'ch 15,	do.	M'ch 15,	227 00	74	3 22
May 4,	do.	June 3,	159 00	154	4 69	M'ch 29,	do.	M'ch 29,	623 00	88	10 52
June 9,	do.	Sept. 7,	841 00	250	40 33	April 6,	do.	April 6,	961 00	96	17 69
July 14,	Cash,	July 14,	315 00	195	11 78	May 10,	do.	May 10	365 00	130	9 10
Aug. 30.	Merchandise,	Oct. 29,	500 00	302	28 96	June 26,	do.	June 26,	435 00	177	14 77
Nov. 16,	do.	Dec. 16,	354 00	350	23 76		Balance interest,	....	....	..	172 74
							Balance account due Sep. 18, 1854,	....	1,438 00	..	....
			$ 6,433 00		$ 249 60				$ 6,433 00		$ 249 60

E. & O. E. New-York, December 20, 1853.

EXAMPLE No. 9.—COMPOUND AVERAGING.—BALANCE PRINCIPAL AND INTEREST ON DIFFERENT SIDES.

Dr. Messrs. JOHNSON & BROWN, *in account with* SMITH & JONES, *from December* 31, 1852. Cr.

1853.		1853.				1853.		1853.			
Jan. 3,	Merchandise,	Feb. 2,	$ 293 47	33	$ 1 86	Jan. 8,	Merchandise,	Jan. 8,	$ 525 27	8	$ 0 81
Jan. 15.	do.	July 15,	1,123 15	196	42 21	Jan. 23,	do.	Jan. 23,	345 09	23	1 52
Feb. 15.	Cash,	Feb. 15,	150 00	46	1 32	Feb. 13,	do.	Feb. 13,	456 78	44	3 86
March 10	Merchandise,	July 10,	512 99	191	19 89	March 1,	do.	March 1.	249 58	60	2 88
April 1,	do.	June 30,	394 34	181	10 55	M'ch 20,	do.	M'ch 20,	1,049 83	79	15 91
May 12,	Cash,	May 12,	50 00	132	1 27	April 10,	do.	April 10.	352 78	100	6 77
June 7,	Merchandise,	July 7,	126 27	188	4 54	April 30.	do.	April 30,	201 50	120	4 65
June 30,	do.	Sept. 28,	569 37	271	29 57	May 9,	do.	May 9,	247 28	129	6 11
Aug. 15,	Cash,	Aug. 15,	200 00	227	8 71	June 5.	do.	June 5,	285 41	156	8 53
		1854.				July 18,	do.	July 18.	116 66	199	4 47
Nov. 4,	Merchandise,	Jan. 3,	268 45	368	18 92	Aug. 15,	do.	Aug. 15,	863 04	227	37 57
		1853.					Balance interest,	....	....	..	60 00
Nov. 26,	do.	Dec. 26.	107 84	360	7 45						
Dec. 20,	Cash,	Dec. 20,	100 00	351	6 79						
	Balance account due Dec. 31, 1851,	....	857 34	..	....						
			$ 4,693 22		$ 153 08				$ 4,693 22		$ 153 08

E. & O. E. New-York, December 20, 1853.

DECIMALS OF A POUND STERLING,

From One Penny to Nineteen Shillings and Eleven Pence, given at Sight.

Shillings.	0	1	2	3	4	5	6	7	8	9	10	11	Pence.
0	.00	.00	.01	.01	.02	.02	.03	.03	.03	.04	.04	.05	
1	.05	.05	.06	.06	.07	.07	.08	.08	.08	.09	.09	.10	
2	.10	.10	.11	.11	.12	.12	.13	.13	.13	.14	.14	.15	
3	.15	.15	.16	.16	.17	.17	.18	.18	.18	.19	.19	.20	
4	.20	.20	.21	.21	.22	.22	.23	.23	.23	.24	.24	.25	
5	.25	.25	.26	.26	.27	.27	.28	.28	.28	.29	.29	.30	
6	.30	.30	.31	.31	.32	.32	.33	.33	.33	.34	.34	.35	
7	.35	.35	.36	.36	.37	.37	.38	.38	.38	.39	.39	.40	
8	.40	.40	.41	.41	.42	.42	.43	.43	.43	.44	.44	.45	
9	.45	.45	.46	.46	.47	.47	.48	.48	.48	.49	.49	.50	
10	.50	.50	.51	.51	.52	.52	.53	.53	.53	.54	.54	.55	
11	.55	.55	.56	.56	.57	.57	.58	.58	.58	.59	.59	.60	
12	.60	.60	.61	.61	.62	.62	.63	.63	.63	.64	.64	.65	
13	.65	.65	.66	.66	.67	.67	.68	.68	.68	.69	.69	.70	
14	.70	.70	.71	.71	.72	.72	.73	.73	.73	.74	.74	.75	
15	.75	.75	.76	.76	.77	.77	.78	.78	.78	.79	.79	.80	
16	.80	.80	.81	.81	.82	.82	.83	.83	.83	.84	.84	.85	
17	.85	.85	.86	.86	.87	.87	.88	.88	.88	.89	.89	.90	
18	.90	.90	.91	.91	.92	.92	.93	.93	.93	.94	.94	.95	
19	.95	.95	.96	.96	.97	.97	.98	.98	.98	.99	.99	.99	

Explanation.

To find, in decimals, the fractional part of a pound, first find shillings on the side and the pence at the top of the table, and on a range with the former and under the latter will be found the decimal required.

Example.

£430 18s. 10d. On the range of 18 shillings and under 10 pence will be found .94, which is the decimal required, and the amount reads thus, £430.94.

Interest.

Calculate interest on £430.94, same as if it were 430 dollars and 94 cents.